AMENDMENTS TO THE DRAWINGS

Please replace the originally filed sheets containing FIGS. 5-8 with the attached replacement sheets, in which FIG. 6 has been deleted and originally filed FIGS. 5, 7 and 8 have been amended. The amendment to FIG. 5 modifies the corrective transaction 232 from a credit of \$5.00 to the Inventory Account and a debit of \$5.00 from the COGS Account to a debit of \$4.00 from the Inventory Account and a credit of \$4.00 to the COGS Account. This amendment to FIG. 5 reflects the change made to Equation 1 and the corresponding description provided in the paragraph beginning on page 25, line 5. Originally filed FIGS. 7 and 8 have been relabeled as FIGS. 6 and 7, respectively, due to the deletion of FIG. 6.

REMARKS

This is in response to the Office Action mailed January 15, 2008, in which claims 1-25 are pending, claims 1-25 are rejected, and claims 4, 7, 10, 12-20 and 22 are objected to. With this Amendment, Applicant has amended claims 1, 3, 4, 10, 12, 14-16, 18, 19 and 22, and canceled claims 2, 7-9, 13, 17 and 20. Reconsideration of the application as amended is respectfully requested.

Overview of the Amendments

Corrective amendments have been made to the application regarding the description of "Situation (b)" including amendments to Equation 1 and FIG. 5. The application has also been amended to delete the description corresponding to "Situation (c)" including FIG. 6. Additional amendments have been made to the specification, drawings and claims in response to these changes.

Objections to the Specification

The Examiner objected to the Specification due to various informalities. Applicant agrees with the Examiner's finding that Eq. 1 was flawed. In Eq. 1, the out-of-stock quantity y was incorrectly listed as 5. The correct value for y is 2, which results in an adjustment value of -$4.00. Eq. 1 and FIG. 5 have been amended accordingly. The resultant disclosure is believed to be correct.

Applicant has deleted the section of the disclosure corresponding to paragraph 6 of the Office Action.

Claim Objections

Claims 4, 10 and 22 were objected to due to various informalities. Applicant has amended the claims in a manner that is believed to correct the errors. Therefore, Applicant requests that the objections be withdrawn.

The Examiner also objected to claims 12-19 under 37 CFR §1.75 as being substantial duplicates of claims 2-9, respectively. Applicant has amended independent claim 12 to include

the limitations previously set forth in claims 13, 17 and 20. Applicant believes that, as a result of these amendments, claims 12-19 are not substantial duplicates of claims 2-9. Therefore, Applicant requests that the objections be withdrawn.

Claim Rejections – 35 U.S.C. §112

Claims 1, 2, 4, 10, 12, 14 and 22 are rejected under 35 U.S.C. §112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Applicant has amended the claims to correct the errors. Therefore, Applicant believes that the rejections can be withdrawn.

Claim Rejections – 35 U.S.C. §103

Claims 1, 10 and 12 are rejection under 35 U.S.C. §103(a) as being unpatentable over Marks (U.S. Patent No. 5,117,356) in view of Umapathy (U.S. Publication No. 2007/0011014). Applicant respectfully believes that the rejections can be withdrawn for the reasons set forth below.

Claim 1

Neither Marks nor Umapathy disclose "posting an inventory sales transaction to the general ledger that includes a record of a sale of a first quantity (x) of an item of an inventory on a first transaction date for a first amount, which is based on a first rate (w) for the item" as provided in claim 1. While Marks discloses an "actual date of the activity" (Col. 6, Line 41), "money amounts" (Col. 6, Line 26) and "posted" (Col. 6, Line 46), as stated by the Examiner, these elements are not posted to a general ledger, as provide in claim 1. Rather, each of the terms relate to postings to a "temporary transactions journal data file 28 [that] contains transaction records of economic activities which have not been entered as permanent transaction records and have not been posted to the control general ledger file and to the relative subsidiary ledger files." (Col. 6, Lines 15-19).

Moreover, the cited sections of Marks are unrelated to the posting of "an inventory sales transaction" as provide in step a). With regard to this deficiency, the Examiner found Umapathy to disclose "that 'physical assets [in inventory accounting] are reduced . . . to a common denominator of a currency' that 'reflects the totality in dollar [value] terms' when '[goods] are sold' [paragraph 5]." However, this finding does not correct the deficiencies of Marks identified above. Therefore, the cited references, even when combined, fail to disclose all the elements of step a) of independent claim 1.

Independent claim 1 also provides "posting an inventory purchase transaction to the general ledger, after the posting step a), that includes a record of a purchase of a second quantity (p) of the item on a second transaction date, which is before the first transaction date, at a second rate (r) for the item, which is different from the first rate (w)". With regard to step b), the Examiner cites Applicant's disclosure of the hypothetical posting described in the Background of the present application. However, Applicant does not disclose the occurrence of such a posting to the general ledger in a computerized inventory accounting system. Rather, Applicant specifically describes computerized accounting systems as not posting the actual inventory purchase transaction (Page 4, Line 21-Page 5, Line 4). Accordingly, the Examiner's finding the "it would have been obvious to one of ordinary skill in the art, at the time of Applicant's invention, to modify Marks ('356) to include the possible later posting of a purchase transaction with a transaction date prior to an earlier sales transaction" lacks support.

Applicant also disagrees with the Examiner's finding that "one would have been motivated to do so given that (1) 'inventory accounting [includes] pieces . . . bought' [paragraph 4] and (2) 'transactions [may involve] a time lag for the information' leading to 'one party [taking] into account the effect of [an] event while the other would not have'.[Umapathy ('055), paragraph 18]." In particular, paragraph 18 of Umapathy is unrelated to the problem of inventory item valuation changes that occur as a result of the non-chronological posting of inventory sale and purchase transactions to a general ledger, as the Examiner appears to contend. Rather, the cited "time lag" corresponds to transactions between separate entities and the resultant discrepancies that exist within the accounting books of those separate entities, as opposed to

discrepancies, and in particular inventory valuation discrepancies, within an accounting book of a single entity.

The Examiner also found that "Marks ('356) discloses posting transactions which specify actual activity dates." However, as mentioned above, the cited postings of Marks are not postings to a general ledger, as provide in step b).

Accordingly, Applicant does not believe that the Examiner's findings provide sufficient support for the conclusion that step b) of claim 1 is taught or suggested by the cited references.

Independent claim 1 also provides "calculating an adjustment value corresponding to a change in the first amount due to a change in the first rate resulting from the inventory purchase transaction". With regard to step c), the Examiner found paragraphs 18 and 19 of Umapathy to teach "that information lag can result in an 'apparent discrepancies . . . which needs to be reconciled' [paragraphs 18-19]." However, as stated above, the cited section of Umapathy is unrelated to the particular "information lag" being addressed in claim 1. Rather, the cited section of Umapathy is concerned with the lag between the accounting of transaction by separate parties which can result in discrepancies between the account books of the separate parties. Umapathy does not mention or address inventory item valuation changes that occur as a result of the non-chronological posting of inventory sale and purchase transactions to a general ledger. Accordingly, Applicant does not believe that the Examiner's findings are sufficient to support a claim that step c) is taught or suggested by the cited references.

Step d) of independent claim 1 provides "posting a corrective transaction to the general ledger having the adjustment value." The Examiner found step d) to be disclosed at Col. 2, Lines 1-4 of Marks, which teaches that manual bookkeeping systems effected changes or revisions through the posting of correcting entries. However, the cited manual bookkeeping corrective process of Marks is unrelated to a computerized inventory accounting system to which step d) relates. Moreover, Marks identifies that computerized accounting practices do not follow these manual bookkeeping corrective processes (Col. 1, Line 68-Col. 2, Line 6). Accordingly, Applicant believes that Marks does not disclose or suggest step d).

As a result, Applicant believes that claim 1, is non-obvious in view of the cited references, at least due to their failure to teach or suggest all of the claimed elements. Therefore, Applicant requests that the rejection be withdrawn.

Claim 10

While the Examiner concluded that Marks does not disclose the posting of a system date to the general ledger corresponding to the date the inventory purchase transaction was posted to the general ledger, the Examiner found the disclosure of Marks at Col. 6, Lines 44-47 to support a prima facie case of obviousness against claim 10. Applicant respectfully disagrees.

The cited section of Marks is unrelated to a date that an inventory purchase transaction is posted to the general ledger. Rather, the date referred to in the cited section of Marks relates to the date when the field TT5, TT6 and TT7 are posted and updated by the system. The fields TT5, TT6 and TT7 "store record labels from the control general ledger file 22, the obligation due subsidiary ledger file 24, and the discretionary subsidiary ledger file 26 which may be undated by the transaction record identified in field TT1." (Col. 6, Lines 37-41). Accordingly, Marks does not disclose "posting a system date to the general ledger corresponding to a date that the inventory purchase transaction was posted to the general ledger", as provided in claim 10.

Accordingly, claim 10 is believed to be non-obvious in view of the cited references because they fail to teach or suggest all of the claimed elements. Therefore, Applicant requests that the rejection be withdrawn.

Claim 12

With regard to claim 12, Applicant has amended the claim to include substantially all of the elements of previously presented claims 13, 17 and 20. Applicant believes that claim 12 is non-obvious in view of the references for the reasons set forth above with regard to claims 1 and 10, and for the reasons set forth below with regard to claim 3.

Claims 3-6, 11, 14-16, 18, 19 and 21 are rejected under 35 U.S.C. §103(a) as being unpatentable over Marks in view of Umapathy and further in view of Official Notice.

Claims 3-6 and 11 are believed to be allowable at least for the reasons set forth above with regard to claim 1, from which they depend. Likewise, claims 14-16, 18, 19 and 21 are believed to be allowable at least for the reasons set forth above with regard to claim 12, from which they depend. Additional grounds for withdrawing some of the claims are provided below.

Claim 3

With regard to claim 3, the Examiner found that Marks does not specifically disclose "wherein the first quantity (x) is greater than an in-stock quantity of the items when the inventory sales transaction was posted to the general ledger", as provided in claim 3. However, the Examiner states that "Official Notice is taken that it is old and well established that in-stock quantities are commonly lower than the quantity of items sold in a sales transaction. As such, it would have been obvious . . . to modify Marks ('356) to include the possibility of in-stock quantities of an item being less than a first quantity of the item being sold at the time of sale. One would have been motivated to do so given the reality of back ordering and the principals of supply and demand in the business world." Applicant respectfully disagrees with the rejection.

In particular, Marks is unrelated to a computerized inventory accounting system, to which the method of claim 3 is directed. Also, neither Marks nor Umapathy disclose the steps of independent claim 1, as discussed above. Therefore, the mere assertion that in-stock quantities are commonly lower than the quantity of items sold in a sales transaction, fails to correct the deficiencies of the cited references. Accordingly, claim 3 is non-obvious in view of the Official Notice and cited references, because they fail to teach or suggest all of the claimed elements.

Claim 4

Applicant agrees with the Examiner's finding that the cited references do not disclose the subject matter of claim 4. Even so, the Examiner rejected claim 4 based on Applicant's disclosure of the accounting practice provided on Page 3, Lines 21-22. However, even this

accounting technique does not disclose the method of maintaining a general ledger and a computerized inventory accounting system utilizing a perpetual average inventory valuation, as provide in claim 4. Therefore, claim 4 is non-obvious in view of the cited references and Applicant's disclosure. Withdrawal of the rejection is respectfully requested.

Claim 22 stands rejected under 35 U.S.C. §103(a) as being unpatentable over Marks (U.S. Patent No. 5,117,356), Umapathy (U.S. Publication No. 2007/0011014) and the Official Notice described above, and further in view of Non-Patent Literature document entitled "In the Black: Real Accounting, Real Easy--Really?" and Hoffman et al. (U.S. Publication No. 2002/0111891). Applicant respectfully believes that the rejections can be withdrawn for the reasons set forth below.

Claim 22 provides "posting an nullifying inventory transaction having the original amount to the general ledger such that is nullifies the original inventory transaction posting." Applicant disagrees with the Examiner's finding the Marks discloses the "posting of correcting entries" in a computerized inventory accounting system with concern for the erasure or deletion of the original entry, at Col. 2, Lines 4-6, as discussed above. The Examiner's citation of Black is confusing in that it is unrelated to a computerized inventory accounting system, to which claim 22 is directed. Additionally, is it unclear why the Examiner's finding that Black teaches "adjusting a reversing entries" while maintaining an "audit trail" at Page 9, Last Paragraph is relevant to the system of claim 22 since the reference, as with Marks, does not disclose the posting of a nullifying inventory transaction, as provided in claim 22. Further, Hoffman et al. disclose precisely what is being avoided by the system of claim 22: the deletion of entries of a general ledger. Accordingly, it is unclear as to how Black and Hoffman et al. are being relied upon as disclosing or suggesting the posting of a nullifying inventory transaction in claim 22.

The Examiner then identifies Marks as disclosing the posting of correcting entries. However, as explained above, Marks also discloses that the process of posting correcting entries is one that is <u>not</u> performed by computerized accounting systems. Accordingly, none of the cited references disclose "posting a nullifying inventory transaction having the first amount to the

general ledger such that it nullifies the original inventory transaction posting", as provide in claim 22.

The cited references also fail to disclose "posting a new inventory transaction to the general ledger having a second amount that is different from the first amount, whereby the new inventory transaction posting corresponds to a modified version of the original inventory transaction posting", as provide in claim 22. Applicant disagrees with the Examiner's finding that Marks (Col. 2, Line 6) discloses the posting of a "separate correction entity in a computerized inventory accounting system." Rather, Marks discloses that such separate correction entries are not applied in computerized accounting systems.

Additionally, cited Paragraph 52 of Hoffman et al. is unrelated to a computerized inventory accounting system. Rather, the cited section of Hoffman et al. discloses a secondary process that is performed on selected posted journal entries in order to generate new journal entries for a specific set of account balances. This secondary process is described as being useful in forming "a ledger from the journal entries in a subledger account that currently reflect the net present value of two hedged and hedging instruments." Thus, the cited section is unrelated to the inventory accounting system of claim 22. More importantly, the "secondary process" of Hoffman et al. is not used in a computerized inventory accounting system or for "posting a new inventory transaction", as provide in claim 22.

Claim 22 is, therefore, non-obvious in view of the cited references because the cited references, either alone or in combination, fail to disclose or suggest all of the claimed elements. Accordingly, Applicant requests that the rejection of claim 22 be withdrawn.

Additionally, Applicant believes that claims 23-25 are allowable in view of the cited references at least for the reasons set forth above with regard to claim 22. Therefore, Applicant requests that the rejections be withdrawn.

Conclusion

Applicant respectfully believes that the application, as amended, is in condition for allowance. Entry of the amendments and allowance of the application is respectfully requested.

The Director is authorized to charge any fee deficiency required by this paper or credit any overpayment to Deposit Account No. 23-1123.

Respectfully submitted,

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